

## Message Text

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67

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /082 W

----- 071520

R 082225Z MAY 75

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 6927

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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GUATEMALA ALSO FOR ROCAP

EO 11652: N/A

TAGS: ECIN, NU

SUBJECT: PRIVATE SECTOR TO PARTICIPATE IN GON CONSULTATION  
OF TRATADO MARCO

SUMMARY: AFTER MONTHS OF TRYING, THE PRIVATE SECTOR IN NICARAGUA HAS FINALLY MANAGED TO OBTAIN A MECHANISM OF CONSULTATION WITH THE GON ON THE PROPOSED NEW CACM TREATY. A MEETING OF BUSINESSMEN IN INCAE LAST MONTH RECOMMENDED THAT PRIVATE SECTOR ORGANIZATION INDE SEEK EFFECTIVE AND REPRESENTATIVE PARTICIPATION OF THE SECTOR IN THE FORMULATION OF GON ECONOMIC AND SOCIAL POLICIES ON INTEGRATION. GON HAS ACCEPTED INITIATIVE AND COMMITTEE HAS BEEN ORGANIZED TO ACCOMPLISH THIS UNDER PRESIDENTIAL SECRETARY CARLOS DUBON WITH PARTICIPATION OF GOVERNMENT AGENCIES AND PRIVATE SECTOR. END SUMMARY

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1. LEADING BUSINESSMEN MET AT INCAE ON APRIL 4 TO DISCUSS

THE PROPOSED TRATADO MARCO AND ARRIVED AT GENERAL CONCLUSION THAT:

- A) THE BUSINESS SECTOR KNEW VERY LITTLE ABOUT THE DIFFERENT ASPECTS OF CA ECONOMIC INTEGRATION;
- B) SO FAR, INTEGRATION HAS CONCENTRATED ON INDUSTRIAL DEVELOPMENT AND TRADE IN THE AREA WITHOUT IMPLEMENTATION OF POLICIES TO PROMOTE AND DEVELOP OTHER PRODUCTIVE SECTORS;
- C) AN ANALYSIS OF THE INTEGRATION PROCESS SHOWS THAT THE LACK OF A BROAD BASE HAS SELF-GENERATED PROBLEMS HARMING THE PRINCIPLES AND INSTITUTIONS OF THE GENERAL TREATY AND PRODUCING POLITICAL AND ECONOMIC CONFRONTATIONS BETWEEN THE MEMBER COUNTRIES;
- D) AFTER MAKING SOME EFFORTS TO RESTORE A NORMAL INTEGRATION PROCESS, SIECA HAS PROPOSED A NEW TREATY WHICH IS BEING DISCUSSED IN CAN;
- E) INEXPLICABLY, THE NICARAGUAN GOVERNMENT HAS NOT IMPLEMENTED A SYSTEM FOR ACTIVE PARTICIPATION OF THE PRIVATE SECTOR IN ITS CONSIDERATION OF THE PROJECTED TREATY EVEN THOUGH IT HAS SERIOUS AND FUNDAMENTAL IMPLICATIONS FOR THE PRIVATE SECTOR. THIS CONTRASTS WITH THE ACTIVE COOPERATION BETWEEN THE PUBLIC AND PRIVATE SECTORS IN THE OTHER CACM COUNTRIES.
- F) IN VIEW OF THESE FACTORS, IT RECOMMENDED THAT:
  - (1) INDE CONVOKE A MEETING OF ALL OF THE PRIVATE SECTOR INSTITUTIONS TO ORGANIZE AN URGENT PROGRAM OF STUDIES AND DISCUSSION OF INTEGRATION;
  - (2) AS AN OBJECT OF THESE DISCUSSIONS, AN EMERGENCY ACTION PLAN TO DEVELOP THE POSITION OF THE PRIVATE SECTOR ON FUTURE INTEGRATION;
  - (3) IMMEDIATELY PROPOSE TO THE GON THAT ALL PRIVATE SECTOR ORGANIZATIONS BE INVITED TO PARTICIPATE IN THE FORMULATION OF NATIONAL POLITICAL AND ECONOMIC POLICIES TOWARD THE TRATADO MARCO; AND
  - (4) THAT A COMMITTEE OF BUSINESSMEN BE FORMED BY INDE WITH THE TECHNICAL SUPPORT OF THE CHAMBER OF INDUSTRIES (CADIN) TO CARRY OUT THESE RECOMMENDATIONS.

2. INDE SUBSEQUENTLY APPOINTED A TWENTY MAN COMMITTEE COMPOSED OF REPRESENTATIVES OF INDUSTRY, AGRICULTURE, COMMERCE, AND BANKING TO ANALYZE THE TRATADO MARCO. LIMITED OFFICIAL USE

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PEDRO BELLI, DIRECTOR OF THE INCAE CENTER OF INVESTIGATIONS, IS A MEMBER AND TECHNICAL ADVISER. ALFONSO ROBELO, PRESIDENT OF INDE, MET WITH PRESIDENTIAL SECRETARY CARLOS DUBON WHO AGREED TO SET UP A WORKING GROUP FOR CONSULTATIONS ON THE TRATADO MARCO. BELLI WILL REPRESENT INDE IN THIS GROUP WHICH WILL INCLUDE REPRESENTATIVES OF THE MINISTRIES OF ECONOMY AND FINANCE, CENTRAL BANK, AND THE PLANNING COUNCIL. SUPERIOR COMMITTEE COMPOSED OF REPRESENTATIVES

FROM INDE COMMITTEE AND SENIOR GOVERNMENT OFFICERS  
CHAired BY DUBON AND BACKSTOPPED BY PLANNING COUNCIL WILL REVIEW  
RECOMMENDATIONS OF WORKING GROUP. FIRST MEETING OF WORKING GROUP  
IS SCHEDULED FOR MAY 10.

3. WE DISCUSSED THESE ARRANGEMENTS WITH PRESIDENT AND  
EXECUTIVE SECRETARY OF CADIN AND WITH INDE EXECUTIVE  
SECRETARY. IT IS THEIR BELIEF THAT CONSULTATION ON TRATADO  
MARCO IS A BREAKTHROUGH IN FORMAL COMMUNICATIONS BETWEEN  
THE GOVERNMENT AND PRIVATE SECTOR, DUE IN LARGE PART  
TO DUBON. PRIVATE SECTOR HAD FOUND IT IMPOSSIBLE TO DEAL  
WITH MINISTRY OF ECONOMY, PARTICULARLY VICE MINISTER  
FOR INTEGRATION, ON INTEGRATION MATTERS AND ARE DELIGHTED  
THAT PLANNING COUNCIL HAS IN ESSENCE TAKEN OVER AUTHORITY  
IN DEVELOPING GON POLICIES VIS-A-VIS THE TRATADO MARCO.  
THE BROOKINGS TUDY ON THE BENEFITS OF INTEGRATION, WHICH  
PURPORTEDLY REVEAL HIGHLY DISPROPORTIONATE BENEFITS OF  
INTEGRATION TO GUATEMALA AND EL SALVADOR, KEPT CROPPING  
UP IN THE DISCUSSIONS. EMBASSY WOULD APPRECIATE A COPY  
OF THIS STUDY FROM ROCAP, IF AVAILABLE.  
SHELTON

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